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## **The BRICS – Merely a Fable?**

### **Emerging Power Alliances in Global Trade Governance \***

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*Abstract:* The much hyped rise of the “BRICS” (Brazil, Russia, India, China, and South Africa) has lately been met with equally fervent declarations of their demise. Amid slowing growth in many of these countries, the prevailing view now appears to be that the rise of the BRICS was little more than an illusion. In this article, however, I contest this assessment by arguing that the emerging powers were never solely, nor most importantly, merely an economic phenomenon. Instead, I show that emerging powers – specifically Brazil, India and China – have become an important political force in the global trading system and had a profound and lasting impact on the World Trade Organization (WTO). Contrary to the widespread assumption that these countries are too diverse to ally, I argue that the emerging powers displayed a remarkable degree of unity and cooperation, working in close concert to successfully challenge the dominance of the US and other established powers. As evidenced by the collapse of the Doha Round, the collective rise of Brazil, India and China substantially disrupted the functioning of one of the core institutions of the liberal economic order created under US hegemony.

*Keywords:* emerging powers, BRICS, global governance, trade, World Trade Organization (WTO), US hegemony

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## Introduction

The rise – and, more recently, purported fall – of the BRICS (Brazil, Russia, India, China, and South Africa) has been among the most prominent stories of recent decades. The concept of the BRICS originated as a marketing tool designed by an investment bank: in 2001, a Goldman Sachs report highlighted the rapid economic growth in the BRIC countries and their increasing weight in the global economy, projecting that they would eventually overtake the established economic powers.<sup>1</sup> This prompted a flood of new BRICs investment funds and an explosion of interest in the BRICs. Much of the discussion to date has thus been dominated by what could be called the Goldman Sachs view of the BRICS – as primarily an economic phenomenon, centered on rapid economic growth in these countries and resulting opportunities for investment.<sup>2</sup> Consequently, now that growth has slowed in many of the BRICS – with China’s growth falling from double-digits to less than 7 percent, and Brazil and Russia currently in recession – the frenzy surrounding the rise of the BRICS has been replaced by equally fervent declarations of their demise. In a reversal of earlier fantastical predictions that these countries would ‘power an unstoppable wave of emerging markets-led economic growth’, many now conclude that slowing growth means ‘the BRICs are dead’.<sup>3</sup> Goldman Sachs generated a fresh storm of attention when it closed its BRIC fund in 2015 after sustained losses and folded it into its larger emerging market fund. The media is replete with declarations that the BRICS are ‘broken’ and ‘the BRIC era [has] come to an end’.<sup>4</sup> In short, as Michael Mandelbaum puts it, ‘the darlings of the global economy’ have ‘fallen from grace’.<sup>5</sup>

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<sup>1</sup> Goldman Sachs excluded South Africa; ‘S’ was added when South Africa joined the BRIC(S) Summits in 2010.

<sup>2</sup> Andrew Cooper, *The BRICS* (Oxford: Oxford University Press, 2016).

<sup>3</sup> Steve Johnson, ‘The Brics are dead’, *Financial Times*, January 28, 2016.

<sup>4</sup> Ruchir Sharma, ‘Broken BRICs,’ *Foreign Affairs*, November/December 2012; Ye Xie, ‘Goldman's BRIC era ends’, *Bloomberg*, November 8, 2015.

<sup>5</sup> Michael Mandelbaum, ‘BRIC bust?’ *American Interest* 9:5, 2014.

Many academics have been skeptical of the BRICS concept from the start.<sup>6</sup> There has been considerable debate about whether the BRICS are meaningful from the perspective of international political economy, or merely a ‘mirage’.<sup>7</sup> According to Harsh Pant, ‘The narrative surrounding the rise of BRICS is as exaggerated as that of the decline of the United States. ... BRICS will remain an artificial construct – merely an acronym coined by an investment banking analyst – for quite some time to come.’<sup>8</sup> A report from the Center for Strategic and International Studies maintains that ‘the foundation of the BRICS concept is beginning to crumble’ as the economic boom that buoyed these countries wanes, exacerbating the ‘conflicting interests and indisputable political, social and cultural differences’ that have ‘kept the BRICS from translating their economic force into collective power on the global stage’.<sup>9</sup> Many thus dismiss the BRICS as a ‘fable’ or a ‘fallacy’ that was ‘overhyped from the start’.<sup>10</sup>

In this article, however, I argue that the emerging powers were never solely, nor most importantly, a purely economic phenomenon. Equally, if not more, important has been their political impact on the governance of the global economy. In the case of the global trading system, the impact of emerging powers – specifically Brazil, India and China – has been profound. Contrary to what is commonly assumed, despite their diverse and at times conflicting interests, these three countries displayed a high degree of unity and cooperation in multilateral trade negotiations. Brazil, India and China worked together in concert, and with backing from much of the developing world, to oppose the longstanding dominance of the US and other developed countries. Emerging power alliances were critical in challenging the

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<sup>6</sup> Cooper, *The BRICS*.

<sup>7</sup> Leslie Armijo, ‘The BRICS countries as analytical category: mirage or insight?’ *Asian Perspective* 31:4, 2007, pp. 7-42.

<sup>8</sup> Harsh V. Pant, ‘The BRICS fallacy’, *The Washington Quarterly* 36:3, 2013, pp. 91-105.

<sup>9</sup> Marcos Degaut and Carl Meacham, ‘Do the BRICS still matter?’ CSIS, 2015, p. iv.

<sup>10</sup> Immanuel Wallerstein, ‘The BRICS - a fable for our time’, *Commentary* No. 416, 2016; Pant, ‘The BRICS fallacy’.

traditional structure of power within the World Trade Organization (WTO) and transformed the Doha Round of trade negotiations into a battle drawn along North-South lines. Their alliances proved remarkably durable – capable of withstanding considerable pressure from the US and other established powers – and highly consequential. As evident in the collapse of the Doha Round, the rise of the emerging powers substantially disrupted the functioning of a core institution of the US-led liberal economic order. Far from merely a mirage or passing fad, Brazil, India and China collectively emerged as a major political-economic force at the WTO and have had a significant impact on global trade governance.

### **Do the BRICS Matter?**

The institutions governing the global economy have been historically dominated by the US and other Western states. Recently, however, there have been reforms to give greater weight to the BRICS and other emerging economies, including the replacement of the G8 by the G20 as the primary forum for international economic cooperation and the redistribution of voting shares at the IMF and World Bank.<sup>11</sup> The BRICS have also come together as a political grouping, holding BRICS Summits since 2009 and creating institutions like the New Development Bank. For some, the rise of the BRICS signals a shift away from Western dominance of the global order,<sup>12</sup> while others are skeptical that there has been a meaningful shift in power, arguing that such changes have been more symbolic than real. Many scholars have questioned the impact of the BRICS as a political force, maintaining that their influence in multilateral economic institutions remains small and they have yet to exercise a strong voice, become a source of initiative or play a significant agenda-setting role.<sup>13</sup> Many also

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<sup>11</sup> Andrew Cooper, 'The G20 as an improvised crisis committee and/or a contested 'steering committee' for the world,' *International Affairs* 86:3, 2010, pp.741–57; Peter Ferdinand and Jue Wang, 'China and the IMF: from mimicry towards pragmatic international institutional pluralism,' *International Affairs* 89:4, 2013, pp.895-910.

<sup>12</sup> Amitav Acharya, *The end of American world order* (Cambridge: Polity, 2014); Greg Chin, 'Remaking the architecture: the emerging powers, self-insuring and regional insulation', *International Affairs* 86:3, 2010, pp.693-715; Cooper, *The BRICS*; Oliver Stuenkel, *Post-Western World* (Cambridge: Polity, 2016).

<sup>13</sup> Robert Wade and Jakob Vestergaard, 'Why is the IMF at an impasse, and what can be done about it?' *Global Policy* 6:3, 2015; Paola Subacchi, 'New power centres and new power brokers: are they shaping a new

reject the notion that American hegemony is waning and argue that the US and other Western states maintain their dominance in the international economic order.<sup>14</sup> It is thus widely believed that the emerging economies have been unable to translate their economic might into effective political influence in global economic governance.

The purported failure of the emerging powers to exercise influence is frequently attributed to a lack of unity. Skeptics contend that, as Cynthia Roberts states, the BRICS ‘are simply too diverse to achieve meaningful cooperation’.<sup>15</sup> Given their vast political and economic differences, the BRICS form a ‘highly heterogeneous club’<sup>16</sup> and are in many ways ‘unlikely bedfellows’.<sup>17</sup> Many argue that their divergent interests and mutual distrust inhibit collective action and prevent the emerging powers from acting together to challenge the dominance of established powers.<sup>18</sup> Tensions within this group, it is argued, still outweigh tensions between any one member and the US, hindering them from uniting to counterbalance American power.<sup>19</sup> The conventional wisdom is thus that the failure of the emerging powers to ‘articulate a common vision’ and act as a ‘unified political force’ has rendered them ‘unable to set the global agenda and discourse’.<sup>20</sup>

The case of the WTO, however, challenges this assessment of the behavior and impact of the emerging economies. Contrary to those who argue that the US and other Western powers retain their dominance in global institutions and that emerging powers have yet to exercise a real voice, in the analysis that follows, I demonstrate that there has been a

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economic order?’ *International Affairs* 84:3, 2008, pp.485-98; Degaut and Meacham, ‘Do the BRICS still matter?’.

<sup>14</sup> Salvatore Babones, ‘American hegemony is here to stay’, *National Interest*, July/August 2015.

<sup>15</sup> Cynthia Roberts, ‘Challengers or stakeholders? BRICs and the liberal world order’, *Polity* 42:1, 2010, p.1.

<sup>16</sup> Edward Mansfield, ‘Rising powers in the global economy: issues and questions’, *International Studies Review* 16:3, 2014, p.44.

<sup>17</sup> Marion Fourcade, ‘The material and symbolic construction of the BRICs’, *Review of International Political Economy* 20:2, 2013, p.257.

<sup>18</sup> Christian Downie, ‘Global energy governance: do the BRICs have the energy to drive reform?’ *International Affairs* 91:4, 2015, pp.799-812.

<sup>19</sup> Stewart Patrick, ‘The unruly world’, *Foreign Affairs* 93:1, 2014.

<sup>20</sup> Pant, ‘BRICS fallacy’, p.101-2.

significant power shift at the WTO. The longstanding dominance of the US and other advanced-industrialized states and historical marginalization of developing countries, which characterized the trade regime for over half a century, have been brought to an end. Three emerging powers – Brazil, India and China – joined the inner-circle of power at the WTO and became central players within the institution. Far from lacking voice or influence, the new powers had a profound impact on the Doha Round.

Furthermore, in contrast to claims that the emerging powers lack unity, I show that emerging power alliances have, in fact, played a pivotal role in the dramatic shift in power that has occurred at the WTO. Brazil, India and China have vastly different trade interests and objectives. Yet despite their diverse (and at times conflicting) interests, these three countries have a strong collective identity and strategic alliance rooted in their oppositional position in relation to the established powers. The emerging powers needed to ally together, and secure the backing of the developing world more broadly, in order to effectively counter the traditional dominance of the US and other advanced-industrialized states. Cooperation among Brazil, India and China was crucial to enhancing their power and ability to exert influence in the Doha Round.

For BRICS sceptics, a major criticism is that the concept lumps China together with other emerging economies. As Andrew Cooper states, ‘Based on a variety of measures, China is clearly exceptional within the BRICS ... [it is] the colossus within the group’.<sup>21</sup> In economic terms – including the size of its GDP, growth rates, trade volumes and foreign reserves – China dwarfs the other BRICS. The Chinese economy is now not only the second-largest in the world but larger than all the other BRICS combined. China is widely seen as the *real* rising power and potential challenger to US hegemony.<sup>22</sup> It is often argued that

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<sup>21</sup> Cooper, *The BRICS*.

<sup>22</sup> Jinghan Zeng and Shaun Breslin, ‘China’s ‘new type of Great Power relations’: a G2 with Chinese characteristics?’ *International Affairs* 92:4, 2016, pp.773-94; Ian Clark, ‘China and the United States: a succession of hegemonies?’ *International Affairs* 87:1, 2011, pp.13-28.

China's economic capabilities set it apart from other emerging powers and place it in a category of its own; in short, that 'China doesn't belong in the BRICS'.<sup>23</sup> According to Pant, 'China's dominance makes the very idea of a coordinated BRICS response to the changing global balance of power something of a non-starter'.<sup>24</sup>

Evidence from the WTO, however, challenges this interpretation. As I show, during the Doha Round, China closely coordinated its negotiating efforts with other emerging powers. Alliances with Brazil and India, and with the developing world more broadly, were a critical part of China's strategy, enabling it to better advance its interests and evade threats. Some have suggested that China's ascent makes other BRICS more interested in balancing against China rather than bandwagoning with it, driving them into closer alliance with the US.<sup>25</sup> Yet what occurred at the WTO was precisely the opposite: Brazil and India actively sought cooperation with China, and the emerging powers bandwagoned together as a means to enhance their bargaining power vis-à-vis the US and other traditional powers.

BRICS sceptics have also contested the inclusion of Russia and South Africa, arguing that Russia is more accurately a declining rather than rising power and South Africa is too small to justify its inclusion.<sup>26</sup> To be clear, the objective here is not to defend the BRICS category per se. Certainly, in the case of the WTO, the acronym does not adequately capture the power shift that occurred or the specific emerging power alliances that propelled it. Russia did not join the WTO until 2012, long after its power structure had been overturned and the Doha Round had collapsed. Brazil, India and China are the sole emerging powers to have entered the WTO's core power structure. Other emerging powers – such as South Africa and Indonesia – contributed to challenging the dominance of the traditional powers, but in secondary and supporting roles. The more accurate acronym to capture the power shift

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<sup>23</sup> Graham Allison, 'China doesn't belong in the BRICS', *The Atlantic*, March 26, 2013.

<sup>24</sup> Pant, 'BRICS fallacy', p.98.

<sup>25</sup> Pant, 'BRICS fallacy'.

<sup>26</sup> Hart and Jones, 'How do rising powers rise?'; Pant, 'BRICS fallacy'.



at the WTO would thus be BIC rather than BRICS. But the central argument here is that in their haste to reject the BRICS concept, critics have been too quick to dismiss the impact of emerging powers on global economic governance and the importance of their collaborative efforts in driving contemporary power shifts. At the WTO, alliances among emerging powers – specifically Brazil, India and China – contributed to a major shift in power, which, as evident in the collapse of the Doha Round, has had a profound and lasting impact on the institution.

As one of the strongest and most important institutions of global economic governance,<sup>27</sup> the WTO is a critical case for assessing the nature and impact of contemporary power shifts. It is a core pillar of the US-led liberal economic order – the integrated system of international organizations, rules and norms constructed during the era of American hegemony.<sup>28</sup> Moreover, as one of the only economic institutions that makes ‘hard law’ that is binding on states and backed by an enforcement mechanism, the WTO has significant material consequences for states. Consequently, the WTO has been a key site of global power struggles. A growing body of scholarship examines the preferences and impact of emerging powers at the WTO.<sup>29</sup> The present article builds on and extends this literature by focusing specifically on relations among the emerging powers. Within the burgeoning literature on contemporary power shifts, the rising powers are most often studied on an individual basis (such as in special issues/sections of this journal on China (July 2016), India (January 2017), and Brazil (May 2017)), with comparatively little attention to the interaction

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<sup>27</sup> David Lake, *Hierarchy in international relations* (Ithaca: Cornell University Press, 2009).

<sup>28</sup> John Ikenberry, *Liberal leviathan* (Princeton: Princeton University Press, 2011).

<sup>29</sup> Valbona Muzaka and Matthew Bishop, ‘Doha stalemate: the end of trade multilateralism?’ *Review of International Studies* 41:2, 2014, pp.383-406; Charalampos Efstathiopoulos, ‘Leadership in the WTO: Brazil, India and the Doha development agenda’, *Cambridge Review of International Affairs* 25:2, 2012, pp.269-93; James Scott and Rorden Wilkinson, ‘China threat? Evidence from the WTO’, *Journal of World Trade* 47:4, 2013, pp.761-82; Kristen Hopewell, *Breaking the WTO: how emerging powers disrupted the neoliberal project* (Stanford: Stanford University Press, 2016); Amrita Narlikar, ‘New powers in the club: the challenges of global trade governance’, *International Affairs* 86:3, 2010, pp.717-28; J.P. Singh, ‘Introduction: emerging powers and the WTO’, *International Negotiation* 21:2, 2016, pp.201-07; Matthew Stephen, ‘Rising regional powers and international institutions’, *Global Society* 26:3, 2012, pp.289-309.

among them. Yet, as scholars have shown, global institutions create possibilities for coalition-building, and relations among emerging powers hold the potential for both competition *and* cooperation.<sup>30</sup> The contribution of this article lies in highlighting the central role of interaction among the emerging powers in driving contemporary power shifts at the WTO. Strategic cooperation and political alignment among China, India and Brazil were essential, I argue, to counterbalancing the established powers and overturn prevailing power hierarchies. This analysis draws on field research conducted between 2007 and 2017 at the WTO in Geneva, as well as in Beijing, New Delhi, Sao Paulo, Brasilia and Washington, involving over 200 interviews with trade negotiators, officials, and representatives of industry and NGOs; over 300 hours of direct observation; and extensive documentary research.

### **How Emerging Power Alliances Transformed the WTO**

As this section will demonstrate, the multilateral trading system has been profoundly transformed by the emerging powers. There has been a fundamental shift in the distribution of power, propelled not by these countries acting in isolation but through mutual cooperation and alliance-building. During the Doha Round, the emerging powers invested heavily in constructing alliances, with each another and with the rest of the developing world. Brazil, India and China successfully surmounted their disparate trade interests and other sources of rivalry in order to cooperate and coordinate their negotiating efforts. Allegiance among the emerging powers served as the foundation for larger developing country coalitions that profoundly altered the dynamics and agenda of the Doha Round. It was these coalitions created by, and centered on, the emerging powers – under the leadership of Brazil and India, and backed by the weight of China – that catalyzed power shifts at the WTO. Moreover, beyond their formal bargaining coalitions, as the primary axis of conflict in the Doha Round

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<sup>30</sup> Andrew Hurrell, 'Hegemony, liberalism and world order: What space for would-be great powers?' *International Affairs* 82:1, 2006, pp.1-19; Amrita Narlikar, 'Negotiating the rise of new powers,' *International Affairs* 89:3, 2013, pp.561-76.

came to center on a confrontation between the US and the emerging powers, their informal alliance was critical in enabling China, India and Brazil to counterbalance US power.

Understanding the historical structure of power at the WTO is essential for appreciating the magnitude of the shift that has taken place. For most of its history, the multilateral trading system was dominated by the US and a handful of other developed countries. While formally agreements are reached on the basis of consensus, in practice, decision-making is heavily shaped by power.<sup>31</sup> The most important negotiations take place in small group meetings of key states; once agreement is reached among this core group, it is extended out to the rest of the membership, allowing a small group of states to establish the negotiating agenda and direct the negotiations. The composition of this elite group is determined informally, but it constitutes the inner-circle of power within the WTO – those states that are recognized as key players and exercise the most influence over the negotiations. Until recently, agreements were negotiated among ‘the Quad’ – the US, EU, Canada and Japan – and imposed upon the rest of the organization’s membership effectively as a *fait accompli*. The rich countries carved out a trade order that suited their interests, while developing countries were excluded from decision-making and their interests marginalized.<sup>32</sup>

The launch of the Doha Round in 2001 was driven by the US and EU, over substantial opposition from developing countries.<sup>33</sup> While subject to coercion to compel their participation, developing countries were also promised that Doha would be a ‘development’ round, dedicated to redressing historical imbalances in the trading system and advancing their needs and interests. Nonetheless, at its start, the Doha Round looked much like previous rounds, with the negotiations centered on ‘the Quad’ and the US and EU firmly in the driver’s seat. Over the course of the round, however, a significant transformation occurred.

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<sup>31</sup> Silke Trommer, ‘The WTO in an era of preferential trade agreements’, *World Trade Review*, 2017.

<sup>32</sup> Muzaka and Bishop, ‘Doha stalemate’; Rorden Wilkinson, *What's wrong with the WTO and how to fix it*. (Cambridge: Polity, 2014).

<sup>33</sup> Amrita Narlikar and Diana Tussie, ‘The G20 at the Cancun Ministerial’, *World Economy* 27:7, 2004.

In 2004, Brazil and India displaced Japan and Canada from the inner-circle of WTO negotiations, as the ‘old Quad’ was replaced by the ‘new Quad’ – a series of core negotiating groups centered on the US, EU, Brazil, and India. These four states remained at the heart of the negotiations from then on, joined by China in 2008. Brazil, India and China not only joined the high-table of decision-making but emerged as pivotal actors in the Doha Round.

The establishment of the G20-T – a coalition of developing countries mobilized and led by Brazil and India, and backed by China – marked the critical turning point in the structure of power at the WTO.<sup>34</sup> At the Cancun Ministerial in 2003 – an important milestone in the Doha Round, when negotiations shifted to laying down the specific terms of the deal – Brazil and India created the G20-T to block the US-EU proposal on agriculture and demand reductions in rich country agricultural subsidies. The G20-T produced a ‘tectonic shift’ at the WTO, to quote one Ambassador, launching Brazil and India into the inner-circle of negotiations, as key players who were considered essential to securing a deal.<sup>35</sup> The G20-T became a major force in shaping the agenda of the Doha Round, with the negotiating texts directly reflecting many of its objectives.<sup>36</sup>

A second coalition centered on the emerging powers had an equally important impact on the Doha negotiations: the G33. India is the leading force behind the group, with significant support from China, and Indonesia acting as its formal coordinator. The G33 sought to limit the degree of agricultural market opening required of developing countries, advocating a ‘special products’ (SPs) exemption to allow developing countries to shield some products from tariff cuts and a ‘special safeguard mechanism’ (SSM) to allow tariff increases in response to an import surge. Despite opposition from the US and other developed countries, the G33 succeeded in securing agreement that both measures would be part of any

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<sup>34</sup> Denoted G20-Trade (G20-T) to avoid confusion with the G20 Leaders Summit. Efsthopoulos, ‘Leadership in WTO’; Hopewell, *Breaking the WTO*; Narlikar and Tussie, ‘The G20’.

<sup>35</sup> Interview, Geneva, May 2009.

<sup>36</sup> Hopewell, *Breaking the WTO*, p.84.

final Doha agreement.<sup>37</sup> The precise design of the SSM grew increasingly controversial in the later stages of the round and became a focal issue at the 2008 Mini-Ministerial. It was then China joined the inner-circle of negotiations, invited by the US, which assumed China would side with it and increase pressure on India to capitulate. Instead, however, China backed India, enabling it to hold out against US pressure.

It was the underlying alliance among the emerging powers that made the G20-T and G33 possible and turned them into a potent force at the WTO.<sup>38</sup> In a marked departure from the past, when developing countries had minimal influence over the shape of GATT/WTO agreements, coalitions centered on the emerging powers had a significant impact on the Doha negotiations and the content of the prospective agreement. Beyond the G20-T and G33, India mobilized developing country opposition to investment, competition and government procurement, successfully forcing those issues off the negotiating table. Brazil and India, along with South Africa, led developing countries in securing exemptions to WTO intellectual property rules for public health and access to medicines. Their opposition also prevented the US and EU from seeking expanded IP protections ('TRIPs-Plus') in the Doha Round. In addition, Brazil, India, and South Africa were central players in the NAMA-11 coalition on manufactured goods, which secured important concessions to the defensive concerns of developing countries.<sup>39</sup>

Developing country coalitions based on the emerging powers were thus a key force in transforming power relations at the WTO. For Brazil and India, which lack the economic heft of other major powers, including China, their mobilization and leadership of coalitions was critical in enabling them to gain a seat in the inner-circle and play a significant agenda-

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<sup>37</sup> Matthew Eagleton-Pierce, *Symbolic power in the WTO* (Oxford: Oxford University Press, 2012); Matias Margulis, 'The Regime Complex for Food Security', *Global Governance* 19:1, 2013.

<sup>38</sup> Hopewell, *Breaking the WTO*.

<sup>39</sup> WTO, 'Revised draft NAMA modalities', TN/MA/W/103/Rev.3/2008.

setting role in the Doha Round.<sup>40</sup> Although a follower rather than a leader, these coalitions were equally important for China. Hyperbole about China's position as a 'dragon' aside, even the country seen by many as the strongest among the emerging powers required partners to negotiate shifting power dynamics at the WTO.

### *Even a Dragon Needs Allies*

While China willingly left the leadership role to Brazil and India, it still sought the benefits and protection of developing world alliances. China was a key member of both pivotal coalitions – the G20-T and the G33 – with its economic might adding considerably to the weight of these alliances. As one negotiator stated, China let Brazil and India 'do the fighting' while providing 'support from behind'.<sup>41</sup> When the Doha Round began, many expected China to side with the advanced-industrialized states, given its export-oriented trade interests. Instead, however, as the round progressed, China chose to align itself with Brazil, India and the developing world. To quote a US official: 'In many ways, at the WTO, China has the same interests as developed countries: market access to large emerging economies, developing countries. It could have gone two ways: we could have co-opted China, but instead Brazil and India did'.<sup>42</sup>

The particular demands on China oriented its choice of allies. As the world's leading exporter, China had an interest in strengthening trade rules and reducing barriers to its exports. Yet China's economic size represented both a strength and liability at the WTO. Its large and rapidly growing economy made China a target for states seeking greater access to its market – a concern for China given that the liberalization undertaken for its WTO accession in 2001 left it with considerably lower tariff bindings than most developing countries. Many states also viewed the rapid expansion of China's exports and industrial

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<sup>40</sup> Efsthathopoulos, 'Leadership in WTO'; Hopewell, *Breaking the WTO*.

<sup>41</sup> Interview, New Delhi, March 2010.

<sup>42</sup> Interview, Beijing, July 2009.

capacity as a threat. Consequently, China potentially faced both demands that it open its market and efforts to constrain its exports, creating significant potential vulnerabilities.

China identified the established powers as its primary threat. As a Chinese negotiator indicated:

It is our position that the greatest source of pressure on China in this round will come from the rich OECD countries. So our strategy has been to pay more attention to how our unity with developing countries could be strengthened.<sup>43</sup>

The threat of being pushed to undertake greater liberalization commitments caused China to stress its developing country status and prioritize alliances with other developing countries.

As a rival negotiator stated, ‘They are aware of the risk and do everything they need to avoid it’.<sup>44</sup> China actively sought to build allies to strengthen its position and help guard against such threats, working to ally itself with the developing world, emphasizing its solidarity with other developing countries, and using its membership in coalitions like the G20 and G33 to pursue its interests while avoiding being singled out and targeted.

At the WTO, China cultivated the image of itself as a developing country like any other, struggling in solidarity against the rich countries. To quote a rival negotiator, China ‘will always speak out for developing countries, LDCs, SVEs [small, vulnerable economies], etc., because that projects that they’re supportive. But of course they’re crushing these countries’.<sup>45</sup> Since it is in China’s interest that the primary line of division be drawn between developing and developed countries, it actively worked to reinforce this structure of identities and alliances at the WTO. One negotiator explained: China is ‘extremely careful with being close to the African countries and the most vulnerable countries, focusing on developing country solidarity against the industrial countries, avoiding it being put as emerging versus

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<sup>43</sup> Interview, Geneva, May 2009.

<sup>44</sup> Interview, Geneva, May 2009.

<sup>45</sup> Interview, Geneva, April 2009.

developing countries'.<sup>46</sup> A Chinese official stated: 'It's not always that way – that issues are drawn on a South-North line – but on most issues, yes, it is a South-North confrontation and China naturally sides with the South. This is only natural, otherwise China would be criticized as a traitor'.<sup>47</sup> The strategic – and potentially transitory – purpose of China's alliance with developing countries is signaled in the comments of one of its negotiators, who explained with a laugh: 'This may change in future decades, but we still have to hold high the banner of development for this round'.<sup>48</sup> China therefore sought to be treated like other developing countries and to shield itself within coalitions like the G20-T and the G33. Alliances have thus been critical for each of the emerging powers – even China with its considerable economic might.

#### *United by a Shared Threat*

The emerging powers joined forces in the Doha Round, working in concert through the G20-T and the G33. The underlying partnership among Brazil, India and China that formed the basis for these coalitions was potentially surprising, given their divergent trade interests. Brazil, for example, is a leading agricultural exporter and defined its primary interest in the Doha Round as seeking agricultural trade liberalization to expand markets for its exports, while India and China are both resistant to liberalization, due to their large populations of peasant farmers vulnerable to import competition. Conversely, in manufactured goods, as an export powerhouse, China has a keen interest in reducing trade barriers, while Brazil and India want to protect their markets from imports. Despite their differences, the emerging powers recognized the strategic value of allying. Although not natural allies based on their trade interests, the emerging powers became allies to counter the perceived threat they faced from the established powers.

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<sup>46</sup> Interview, Geneva, May 2009.

<sup>47</sup> Interview, Geneva, May 2009.

<sup>48</sup> Interview, Geneva, May 2009.



Of particular threat to the emerging powers was the issue of ‘differentiation’ among developing countries. A key promise of the Doha Round was that developing countries would be granted ‘special and differential treatment’ (SDT), in the form of reduced liberalization commitments, greater flexibilities and exemptions, and longer implementation periods. During the round, however, the US and other advanced-industrialized states increasingly sought to restrict China, India and Brazil’s access to SDT, arguing that the large emerging economies have ‘graduated’ from developing country status. The emerging powers staunchly maintain that they are entitled to the SDT promised to developing countries. China, India and Brazil consider themselves developing countries and view their access to SDT as a core part of the development commitment of the Doha Round. Indeed, for China, as one of its former negotiators stressed, ‘a condition we laid down as part of our accession to the WTO was that we would join as a developing country’.<sup>49</sup> Thus, in the words of their negotiators, the emerging powers ‘strictly oppose any talk on differentiation’ and ‘[Their] line is clear: SDT should apply equally to all developing countries’.<sup>50</sup> The threat of differentiation and being pushed to undertake greater liberalization, reducing their policy space and potentially their scope for future economic development, provided a powerful inducement for the emerging powers to ally despite their otherwise disparate interests. In other words, the emerging powers were united by a common external threat, which proved formidable enough to override their differences.

For the emerging powers, collaboration was thus less a choice than ‘a compulsion’, to quote one negotiator.<sup>51</sup> The alliance between China, India and Brazil was far from free of tension: negotiators described it as ‘a very delicate embrace where you cannot leave each other’ and ‘a coalition of the unwilling’.<sup>52</sup> However, while the emerging powers, along with

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<sup>49</sup> Interview, Geneva, July 2017.

<sup>50</sup> Interviews, Geneva, July 2017.

<sup>51</sup> Interview, Geneva, May 2009.

<sup>52</sup> Interviews, Geneva, May 2009.

many of their developing country allies, were undoubtedly wary and suspicious of one another, they were even more wary of the US and other established powers, which they continued to view as the primary threat in multilateral trade negotiations. The emerging powers are acutely aware of the dangers of isolation, which in the past has left them vulnerable to being overpowered by the US and other advanced-industrialized states and forced to concede to their demands. As one Ambassador stated:

If you look at the balance of forces at the WTO, if you have India, China and Brazil, you can do anything, but if you have just one or two of them.... We have different interests and economic realities and goals in the negotiations. But there's a common perception among Brazil, India and China that if we don't manage our differences and act isolated, we're easy prey. If Brazil, India and China don't work together, we don't stand a chance.<sup>53</sup>

Even China needs such alliances, according to one of its negotiators:

because of our bitter experience of negotiating bilaterally with the US [during China's WTO accession]. The US always got what it wanted. Our prospects of winning are higher if we are with other developing countries and not alone. The US is still the superpower – the world's biggest economy. In a one-on-one setting, the US will most always win.<sup>54</sup>

Through allying with Brazil and India, he continued, 'it is no longer one-to-one, but the US versus a group of countries. The US is the big elephant, but we now have a group of wolves – then we have a chance'. All of the emerging powers, even China, recognized that they lacked sufficient power acting alone – making the decision to ally, as one negotiator put it, 'a clear strategic move'.<sup>55</sup>

### *The Price of Alliances*

The importance of their alliances is signaled in the costs the emerging powers were willing to incur to construct and maintain them. Given their divergent trade interests, the alliances formed by the emerging powers required significant compromises. In the case of Brazil, for example, developing countries, particularly large and rapidly growing economies

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<sup>53</sup> Interview, Geneva, May 2009.

<sup>54</sup> Interview, Geneva, May 2009.

<sup>55</sup> Interview, Geneva, May 2009.

like China and India, represent the primary markets for its agricultural exports. Instead of pushing those countries to reduce their trade barriers, however, Brazil made a strategic decision to sacrifice its market access demands and refrain from pressing other developing countries to open their markets, in order to make its partnership with India and China possible, enable the creation of the G20-T as a unified political force, and secure support for its leadership. As one Brazilian negotiator put it, ‘yes, on market access we definitely hit the brakes hard’.<sup>56</sup> For the sake of the G20-T and its broader alliances, Brazil showed itself willing to accept a weaker tariff reduction formula and extensive flexibilities for developing countries, which significantly reduced its potential gains in those markets. Brazil also supported India, China and the G33 on the SSM and SPs, despite the negative commercial implications for its own exporters.

Similarly, as the largest exporter of manufactured goods, China would be among the biggest beneficiaries from increased access to developing country markets, especially large emerging economies like Brazil and India, where its exports face high tariffs. Yet China was willing to accept a weaker tariff reduction formula and exemptions for developing countries, limiting their market opening at the expense of its own exports. As one negotiator stated, ‘The idea that increased flexibilities are good for developing countries in general is bullshit. Those carve-outs hurt us [competitive producers]... We’d be happier if the additional carve-outs were kept in check’.<sup>57</sup> Nonetheless, China was willing to bear this cost for the sake of its alliances. As a Chinese negotiator explained:

We face divide and rule strategies of the developed countries. China has been adhering to this principle of unity. China could have been more aggressive in seeking market access to developing countries, but our strategy has been to show solidarity with other developing countries.<sup>58</sup>

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<sup>56</sup> Interview, Geneva, May 2009.

<sup>57</sup> Interview, Geneva, April 2009.

<sup>58</sup> Interview, Geneva, May 2009.

Consequently, China and the other emerging powers steadfastly refrained from pressing other developing countries – including each other – for liberalization. In the words of an Indian representative, ‘it doesn’t make sense to pursue market access to developing countries because that’s the block that’s going to stand with you against the industrialized countries’.<sup>59</sup> The emerging powers thus sacrificed the pursuit of significant export interests in order to construct and maintain their alliances.

### *The Established Powers Strike Back*

The importance of coalitions in enhancing the power of Brazil, India and China was also evident in the concerted efforts of the traditional powers to undermine and break their alliances. The US, in particular, pursued an active ‘divide and rule’ strategy. The US went on the attack against the G20-T, for example, publically deriding the group and using strong-arm tactics in an attempt to force it to dismantle.<sup>60</sup> The US threatened to withdraw from negotiations for bilateral and regional free trade agreements with several countries unless they abandoned the G20-T, which led five of the original coalition members – Columbia, Peru, Guatemala, El Salvador and Costa Rica – to drop out. Nevertheless, the G20-T was ultimately able to withstand such pressure, remain intact and replace its lost members.

The US also sought to convince poor countries that they shared common interests and should support the US in pushing the emerging economies to open their markets. According to the President’s Trade Agenda, for instance:

The remarkable growth of emerging economies like China, India, and Brazil has fundamentally changed the landscape... The US, already among the most open markets in the world, has been frank about the importance of obtaining increased access to these markets. Access to emerging economies is also vital for the poorest countries that have been a particular focus of the Doha negotiations. Developing country tariffs are four times higher than those of developed countries, and the poorest countries already have largely open

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<sup>59</sup> Interview, New Delhi, March 2010.

<sup>60</sup> James Scott, ‘The role of southern intellectuals in contemporary trade governance’, *New Political Economy* 20:5, 2015.

access to major developed economies, like the US, through trade preference programs.<sup>61</sup>

Most developing countries, however, remained skeptical of US efforts to turn them against the emerging powers. As one US negotiator acknowledged, ‘developing countries mistrust us.’<sup>62</sup> Having been pressed into an unfavorable agreement by the US in the Uruguay Round, many developing countries continued to view the US as their principal threat in the Doha Round.

The US also used the issue of differentiation in an effort to sow divisions and weaken support for the emerging powers. Over the course of the Doha Round, the draft negotiating texts came to be packed with a long list of exemptions for various categories of developing countries – including LDCs, SVEs, ‘very recently-acceded members’, ‘small low-income RAMs with economies in transition’, ‘paragraph 6’ countries, and even individual members – allowing them to undertake fewer liberalization commitments, granting them longer implementation periods, or exempting them entirely.<sup>63</sup> Negotiators underscore the tactical purpose that this served:

if you look at the NAMA [manufactured goods] text, it has flexibilities for all these different groups of developing countries. In terms of a negotiating approach, it can be useful to provide those flexibilities because it takes those countries out of the negotiating equation. What you’re left with are the Brazil, India and Chinas of this world. It’s all to isolate them.<sup>64</sup>

Another negotiator bluntly summed this up as ‘bribing the little guys’ to abandon their support for the emerging powers.<sup>65</sup> From the perspective of the US, the myriad exemptions granted to smaller developing countries were a small price to pay: as an American negotiator stated, ‘we don’t really care about those. We care about the advanced developing

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<sup>61</sup> US, ‘President’s trade agenda’, 2011.

<sup>62</sup> Interview, Geneva, July 2017.

<sup>63</sup> WTO, ‘Rev.3 NAMA modalities’; WTO, ‘Revised draft agriculture modalities’, TN/AG/W/4/Rev.4/2008.

<sup>64</sup> Interview, Geneva, May 2009.

<sup>65</sup> Interview, Geneva, July 2016.

countries.’<sup>66</sup> The US sought to isolate the large emerging economies in an effort to render them more vulnerable and extract greater concessions. But this strategy proved unsuccessful: although developing countries willingly accepted the carrots offered by the US and other traditional powers, this failed to lessen support for the emerging powers.

### *Alliances Endure Despite Tensions*

Given the diverse interests of developing countries, the alliances constructed by the emerging powers were not without friction. Negotiators indicate that it is easier to manage such tensions and maintain unity in the early stages of negotiations, but suppressed conflicts inevitably surface as negotiations move closer to a prospective agreement. As one stated: ‘At the beginning you have very romantic and idealistic proposals that everyone is on board with, positions are very broad and it is very easy to be coordinated’. Yet as negotiations proceed toward an ‘end-game’ of nailing down the specific terms and provisions of the agreement, ‘it becomes increasingly difficult to get a uniform position on any issue’.<sup>67</sup> Clear stress lines emerged within the emerging powers’ coalitions at the 2008 Mini-Ministerial, when it appeared negotiations could be approaching a conclusion. At that time, many developing countries expressed dissatisfaction with the positions taken by Brazil, India and China, threatening to destabilize both the G20-T and G33.

In the G20-T, criticism of Brazil’s leadership erupted from multiple sides. Until then, the group had focused on its key area of convergence – rich country agricultural subsidies – but largely set aside the contentious question of how much developing countries should be required to open their markets, embodied in the SSM and SPs. With its membership of both importers and exporters, it was feared that trying to reach consensus on a common G20-T position would split the group apart. However, when the SSM emerged as the central issue at

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<sup>66</sup> Interview, Geneva, June 2009.

<sup>67</sup> Interview, Geneva, May 2009.

the 2008 Mini-Ministerial, divisions in the group flared into open criticism of Brazil's leadership: countries with vulnerable agriculture sectors like India and China complained that Brazil had abandoned them in their fight for the SSM, while exporters like Argentina and Uruguay complained that Brazil should have fought harder against India and China on the SSM. Even on agricultural subsidies, disagreement broke out within the G20-T when Brazil indicated it was willing to accept the US subsidy cap proposed by the WTO Director-General, displeasing countries demanding further reductions. Countries like Argentina, Venezuela, and South Africa were also dissatisfied with the terms Brazil was willing to accept on manufactured products, resenting Brazil's willingness to trade off industrials for gains in agriculture.

Similar tensions strained the unity of the G33 and support for India and China as the coalition's representatives. While India and China stood up to the US on the SSM, negotiators report that many G33 members wanted to show more flexibility. This generated resentment towards India and criticism that it was pursuing its own interests to the detriment of other G33 members. In the words of one negotiator, 'it was dog-eat-dog at that stage'.<sup>68</sup> Tensions flared again within the G33 during the 2013 Bali Ministerial, when negotiations threatened to breakdown due to conflict between the US and India over the issue of food stockholding.<sup>69</sup>

In these pivotal moments, many coalition members feared that Brazil, India and China would simply pursue their own interests. As negotiators complained, 'no two countries are alike at the WTO' and ultimately 'every country is negotiating for their own interests'.<sup>70</sup> Other developing countries were frustrated at being excluded from the inner-circle of negotiations and forced to rely on being represented by Brazil, India and China.

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<sup>68</sup> Interview, Geneva, May 2009.

<sup>69</sup> Rorden Wilkinson, Erin Hannah and James Scott, 'The WTO in Bali', *Third World Quarterly* 35:6, 2014.

<sup>70</sup> Interviews, Geneva, April-May 2009.

Nevertheless, their coalitions did not break. Both the emerging powers and their allies were keenly aware that their bargaining power and ability to defend their interests vis-à-vis the US and EU would be substantially weakened were their coalitions to crumble – as one stated, ‘our strength lies in the group’ – and therefore actively worked to patch over differences and maintain unity.<sup>71</sup>

### **Impact of the Emerging Powers on the Doha Round**

Working in close cooperation, Brazil, India and China drove a substantial shift in power in the multilateral trading system, bringing an end to the longstanding dominance of the US and other advanced-industrialized states and making their trade policies a central focus of the Doha Round. As a result of the emerging powers and their coalitions, especially the G20-T and the G33, the dynamics of the round changed profoundly. The G20-T’s attack on rich country agriculture subsidies prompted a dramatic shift in roles: as one negotiator stated, ‘at the start of this round, the US saw itself in an offensive position. It had no idea it would be a target... But [it became] the key focus of the negotiations’.<sup>72</sup> For the first time, the US found itself isolated and on the defensive, while new powers from the developing world assumed the role of *demandeurs*.

Brazil, India and China came to have a significant impact on the Doha Round, evident both in their success in blocking the traditional powers and in advancing their own initiatives.<sup>73</sup> Many of the US and other established powers’ objectives for the round were thwarted, including: labor and environmental standards; competition, investment and government procurement; expanded TRIPs-Plus intellectual property protections; sectoral negotiations on manufactured goods; and efforts to force the large emerging economies to undertake more aggressive liberalization. Simultaneously, activism by the emerging powers

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<sup>71</sup> Interview, Geneva, March 2009.

<sup>72</sup> Interview, Geneva, May 2009.

<sup>73</sup> Hopewell, *Breaking the WTO*.



succeeded in putting issues of importance to developing countries at the center of the negotiations and obtaining significant concessions, including SDT, agriculture subsidies, SPS, the SSM, food stockholding, and TRIPs and public health. Across the negotiations, developing countries secured substantial SDT, with weaker tariff-reduction formulas and substantial flexibilities, limiting the degree of liberalization required from them.<sup>74</sup>

Compared to the Uruguay Round – when developing countries were pressured into an unfavorable agreement against their interests – the change in the Doha Round was profound.<sup>75</sup> Collectively, Brazil, India and China demonstrated the power to resist an unbalanced deal as well as to successfully make meaningful demands of developed countries. The US and other advanced-industrialized states were placed in a largely reactive position – repeatedly on the back foot, forced to respond to the demands of developing countries, while having limited success in advancing their own. As one Secretariat official stated, ‘the US has not been leading this organization in quite a while’.<sup>76</sup> This rebalancing of power fundamentally shifted the terms of the prospective Doha agreement and the balance of concessions among states necessary to secure a deal.

By the 2008 Mini-Ministerial, the US – especially members of Congress and its business and farm lobby groups – had come to view the proposed Doha agreement as unfair and unbalanced against the US.<sup>77</sup> Based on the deal that had taken shape – with what they complained were weak tariff-reduction formulas and excessive flexibilities for the large emerging economies – these actors argued that the US would be required to significantly cut its tariffs, as well as its agricultural subsidies, while gaining insufficient new access to foreign markets. As one US negotiator put it, ‘we’d be giving everything and getting nothing’.<sup>78</sup>

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<sup>74</sup> WTO, ‘Rev.3 NAMA modalities’; WTO, ‘Rev.4 agriculture modalities’.

<sup>75</sup> Muzaka and Bishop, ‘Doha stalemate’.

<sup>76</sup> Interview, Geneva, March 2009.

<sup>77</sup> Hopewell, *Breaking the WTO*.

<sup>78</sup> Interview, Geneva, April 2009.

The core complaint of the US was that the prospective agreement did not require enough of the large emerging economies – China, India and Brazil – who benefit from the SDT that they played a major role in securing for developing countries.<sup>79</sup>

The US therefore sought to ‘rebalance’ the deal by pressing the large emerging economies to undertake greater liberalization.<sup>80</sup> Its efforts centered on pressing these countries to participate in ‘sectorals’ (aggressive liberalization in specific industrial sectors to reduce tariffs to zero) in two key areas of US competitive advantage – chemicals and industrial machinery. Sectorals were effectively an add-on to the core agreement, pushed by the US as a means to extract additional market opening from the large emerging economies. In addition, the US pressed the emerging economies to commit to not using their SP exemptions in agriculture against specific products of export interest to the US (such as cotton, wheat and corn), in order to guarantee the US market access gains in those areas.

In effect, as the US was increasingly pressed to liberalize its market in the Doha Round, it responded by ratcheting up its demands for concessions from the emerging powers. China, India and Brazil, however, viewed the US’s heightened demands as unfair and unjustified.<sup>81</sup> The emerging powers emphasized that the Doha ‘Development’ Round had promised to deliver meaningful gains to the developing world. A core aspect of the Doha mandate was the principle that developing countries, including China, India and Brazil, would not be required to engage in an equal exchange of concessions with the advanced-industrialized states, but instead that the final agreement would be reached on the basis of ‘less than full reciprocity’ in favor of developing countries. From the perspective of the emerging powers, the US was now trying to change the terms of the deal by seeking less than full reciprocity in its *own* favor, in clear violation of the development mandate of the round.

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<sup>79</sup> US, ‘President’s trade agenda’.

<sup>80</sup> US, ‘President’s trade agenda’.

<sup>81</sup> Muzaka and Bishop, ‘Doha stalemate’; Scott, ‘Southern intellectuals’.

After years of repeated breakdown, the Doha Round reached a permanent impasse in 2008. The Ministerial ostensibly broke down due to a skirmish between the US, on one hand, and India and China, on the other, over the SSM. However, the deeper source of conflict was the US's desire to 'rebalance' the deal by securing greater access for its agriculture and manufactured goods to the markets of the large emerging economies, particularly China. With the old and new powers unable to reach agreement, the negotiations became deadlocked. As the WTO Director-General acknowledged, at the core of the Doha stalemate was a dispute over 'the balance in contributions and responsibilities between emerging and advanced economies'.<sup>82</sup> In short, the SDT extended to the emerging powers in the draft texts of the proposed Doha agreement made the agreement untenable to the US. The US has refused to commit to liberalization in the Doha Round unless greater liberalization is required of the major emerging economies. Yet the emerging powers argue that, as developing countries, they are entitled to SDT and should not be required to make further concessions to appease the US. With these two sides relatively evenly matched, neither was able to overpower and impose its will upon the other.

The unfettered power of the US and other advanced-industrialized states in the multilateral trading system has been curtailed by the rise of China, India and Brazil. For the first time, no one country, or block of countries, is dominant and can dictate outcomes. The negotiations were officially declared at an impasse in 2011, and the 2015 Nairobi Ministerial Declaration openly acknowledged that many members now consider the round dead. The issue of differentiation – whether the emerging powers should be entitled to SDT or forced to engage in a more equal exchange of concessions with the US – lies at the heart of the Doha Round collapse. As one participant summed up, 'the issue of differentiation became the

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<sup>82</sup> WTO, 'Chair's concluding statement', WT/MIN(11)/11/2011.

central stumbling block in the Doha Round, across virtually all areas of the negotiations.’<sup>83</sup> And differentiation – how emerging powers should be classified and treated in multilateral trade negotiations – has remained the overarching source of conflict since the collapse of the round. Since the breakdown of the round, there has been an effort to salvage the negotiating function of the WTO by attempting to hive off smaller, more specific and seemingly less controversial issues where it may be easier for states to reach agreement. At the 2013 Bali Ministerial, states reached agreement on trade facilitation, food stockholding, and select issues related to SDT for LDCs.<sup>84</sup> However, even that limited package proved highly contentious and its enactment was nearly derailed by persistent conflict between the US and India over food stockholding.<sup>85</sup> The 2015 Nairobi Ministerial produced agreement on agricultural export subsidies, certain LDC issues, and expansion of the plurilateral Information Technology Agreement involving a subset of WTO members.<sup>86</sup> This shift to narrowly-focused, piecemeal deals is a far cry from the comprehensive trade round originally envisioned for the Doha Round and the WTO’s intended function of continuing to craft broad-based universal deals through a single-undertaking. And even with a piecemeal approach, there have been few areas where states are able to reach agreement, primarily due to persistent conflict between the US and the emerging powers over whether the large emerging economies should be entitled to SDT. Most recently, for example, while the issues of agricultural subsidies and fisheries subsidies were identified as priority negotiating areas for the 2017 Buenos Aires Ministerial, meaningful progress has been hampered by the same ongoing dispute over differentiation and SDT for the emerging powers.<sup>87</sup>

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<sup>83</sup> Interview, Geneva, July 2017.

<sup>84</sup> Wilkinson, Hannah and Scott, ‘WTO in Bali’.

<sup>85</sup> Narlikar and Tussie, ‘Breakthrough at Bali?’.

<sup>86</sup> Rorden Wilkinson, Erin Hannah and James Scott, ‘The WTO in Nairobi’, *Global Policy* 7:2, 2016.

<sup>87</sup> Interviews, Geneva, July 2017.

Many of the coalitions that characterized the Doha Round, such as the G20-T, have become less salient following the round's collapse. Yet the emerging powers remain broadly aligned, carefully maintaining their allegiance through a delicate process of mutual accommodation, while refraining from publicly challenging or criticizing one another. Two of the most prominent and controversial issues under negotiation post-Doha have been the SSM and food stockholding. Here, India and China remain allied, with backing from other G33 members, against the US. And, strikingly, Brazil, despite its export interests, has supported India and China on both issues. As a Brazilian negotiator stated: 'we have our own interests, but we see these as legitimate issues for China and India, so overall we've been supportive of what they are seeking to achieve'.<sup>88</sup> He frankly acknowledged that Brazil's motives are strategic: 'We're trying to navigate without creating problems with China and India. The issue that continues to unite us is graduation, so we're still close allies. We try to manage this carefully – confrontation between us would not be good.' Another negotiator echoed this:

We have two overriding common concerns – development and SDT. When it comes to SDT, we remain united on not having that core principle undermined. Whenever there is an attack on the development component of the round, there is a strong sense of solidarity, a reaction of sticking together.<sup>89</sup>

The emerging powers are acutely aware that they remain prime targets of the US, and this external threat – of being forced to accept differentiation and denied access to special and differential treatment – continues to knit them together. In order to guard against the perpetual risk of being overpowered by the US, the emerging powers thus, as one representative put it, 'still try as much as possible to stay as one.'<sup>90</sup> Consequently, while tensions among the emerging powers were exacerbated by frustration at the breakdown of

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<sup>88</sup> Interview, Geneva, July 2016.

<sup>89</sup> Interview, Geneva, July 2017.

<sup>90</sup> Interview, Geneva, July 2017.

round, as one negotiator summed up, ‘It’s not exactly love and harmony, but it’s certainly not open dissent either’.<sup>91</sup> The strategic alignment among the emerging powers that characterized the Doha Round has proven durable and enduring.

## **Conclusion**

An analysis of power shifts at the WTO challenges the increasingly prevalent view that the rise of the BRICS was merely an illusion or a fallacy, hyped by market actors to sell investment opportunities. Instead, I have shown that Brazil, India and China emerged as a major political force at the WTO and have had a profound and lasting impact on global trade governance. Through mutual cooperation and their broader developing world alliances, the emerging powers transformed the Doha Round into a North-South battle. Emerging power alliances were critical in altering the structure of power within the WTO and enabling the emerging powers to exercise influence in the Doha Round. The emerging powers cooperated to a far greater extent than anticipated based on their disparate trade interests. In contrast to expectations of conflict and discord among the emerging powers, Brazil, India and China exhibited a remarkable degree of collaboration. Aligning together to counter the traditional powers, the emerging powers were highly successful in accommodating their differences, coordinating their positions wherever possible, and managing inevitable tensions within their relationship. This analysis has underscored the centrality of conflict over differentiation and access to SDT, as the issue that both fundamentally unites the emerging powers and ultimately lies at the root of the impasse in the Doha Round. Moreover, this central axis of conflict has remained persistent and carried over into the post-Doha era of negotiations.

The case of the WTO suggests that power shifts – specifically the confrontation between the emerging powers and the American hegemon – are having a profound impact on the global economic order. The collapse of the Doha Round represents a breakdown in the

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<sup>91</sup> Interview, Geneva, February 2016.

core negotiating function of the WTO. Until now, the multilateral trading system worked through successive rounds of negotiations to progressively and steadily push forward the liberalization of international trade and the integration of global markets. Yet after eight successful trade rounds since the 1940s, each increasingly comprehensive and inclusive in nature, the failure of Doha brought this process to a halt. While the WTO's existing rules remain in force and subject to its dispute settlement mechanism, the continued expansion of global trade rules through the negotiation of comprehensive multilateral trade agreements has been brought to a standstill. Contemporary power shifts should not be underestimated: they have disrupted the functioning of one of the core institutions of the liberal economic order created under US hegemony.

While this study has been limited to the WTO, there is reason to believe that alliance-building among the emerging powers is far from unique to this case. Research in other areas of global economic governance – from the G20 and the BRICS Summit to the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank – suggests that the emerging powers are successfully using mutual cooperation as a strategy to enhance their influence and challenge US/Western dominance in multiple forums.<sup>92</sup> This is not to imply that the emerging powers will always ally, or that the dynamics of their alliances will be identical in other areas of governance. The extent of their cooperation, its dynamics and impacts may vary in other cases. An important avenue for future research is thus to engage in comparative analysis of emerging power alliances across different areas of global economic governance.

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<sup>92</sup> Cooper, *The BRICS*; Stuenkel, *Post-Western World*.